



# INSTRUCTIONS — IA 2210

## A. Purpose of This Form:

If you are an individual taxpayer, other than a qualifying farmer or fisher, you may use this form to determine whether your income tax was sufficiently paid throughout the year by withholding or by estimate payments. If they were not, you may owe a penalty. The estimated tax penalty is 6% per year for the tax period January 1, 2004, through December 31, 2004, and 6% per year for the tax period January 1, 2005, through December 31, 2005. The changes in the estimated tax penalty apply to amounts arising during these periods. This form will help you determine whether you are subject to such a penalty.

## B. Filing an Estimate and Paying the Tax, Calendar Year Taxpayers:

If you file returns on a calendar year basis and are required to file form IA 1040ES, you are generally required to pay the tax in four installments with the first installment due by April 30. (If you are not required to file until later in the year because of a change in your income or exemptions, you may be required to pay in fewer installments.) The chart below shows the due date for installments and the maximum number of installments required for each.

Period Requirements First Met	Due Date of Installment	Maximum Number of Installments Required
Between January 1 and April 1	April 30	4
Between April 2 and June 1	June 30	3
Between June 2 and September 1	September 30	2
After September 1	January 31	1

**NOTE:** If any date shown falls on a Saturday, Sunday or legal holiday, substitute the next regular working day.

## LINE-BY-LINE INSTRUCTIONS

**Line 8** - If line 8 is \$200 or more, complete lines 9 through 15. If you have an underpayment in any column on line 15, go to the "How to Figure the Penalty" section.

If the total from line 8 is less than \$200, then you are not required to pay estimated tax and therefore cannot have underpaid estimated tax. If the total from line 8 is less than \$200 do not file form IA 2210.

**Line 9** - Taxpayers may avoid underpayment penalty if their estimate payments for 2004, made on or before the prescribed dates for payment, are equal to the lesser of: (1) 90 percent of the tax shown on the 2004 return; or (2) 100% of the tax shown on the 2003 return if their 2003 Federal AGI is \$150,000 (\$75,000 for married filing separate Federal returns) or less; or (3) 110% of the tax shown on the 2003 return if their 2003 Federal AGI is greater than \$150,000 (\$75,000 for married filing separate Federal returns) plus any bonus depreciation adjustment. Their 2003 return must have covered a period of 12 months.

**Line 12 - Tax on Annualized 2004 Income:** If your income varies throughout the tax year, you may be able to reduce or eliminate the amount of one or more of the required installments by using the annualized income installment method. If you use this method, you must check the box on line 73 of the IA 1040. Please see Schedule A1 and instructions.

**Line 13** - If you used the annualized income installment method to figure your required payments, enter the amount from line 12. Otherwise, enter the amount from line 11.

**Line 14** - Installment payments: Enter your payments or portion of payments needed to satisfy the amount of the required installment. Your estimate payments and withholding are applied to the earliest unpaid installment. It does not matter that the payment is designated for a later period. Any overpayment is carried to the next unpaid installment. If additional computations are required beyond the three allotted lines on this form, attach a separate sheet for each computation.

You may consider an equal part of the income tax withheld during the year as paid on each required installment date, unless you can establish the dates on which the withholding occurred and consider the tax paid on those dates.

**Line 15** - Enter the date the payment was made or, if withholding, the due date of the installment. If more than one payment is applied to pay the installment, enter a date for each payment.

**Line 16 - To Compute Penalty:** Use the following formula:

$$\text{Penalty} = \text{daily percentage rate (line 17)} \times \text{number of days (line 16)} \times \text{payment applied (line 14)}$$

The daily percentage rate is:

$$\begin{aligned} 6\% \text{ per annum} &= 0.016393\% \text{ per day (1/1/04 - 12/31/04)} \\ 6\% \text{ per annum} &= 0.016438\% \text{ per day (1/1/05 - 12/31/05)} \end{aligned}$$

**Waiver of Penalty:** The underpayment of estimate tax penalty may be waived if the underpayment was due to casualty, disaster, or other unusual circumstances. The penalty may also be waived if the taxpayer retired at age 62 or later or became disabled in the tax year for which the estimate payments were required.

**Farmers and Fishers:** If (1) your gross income from farming or fishing is at least two-thirds of your annual gross income and (2) you filed IA 1040 and paid the tax on or before March 1, 2005, you may be exempt from penalties for underpayment of estimated tax. If so, write on line 1, "Exempt, farmer/fisher," and do not complete the rest of this form.

If you meet this gross income test but did not file a return or pay the tax when due, use form IA 2210F, instead of this form, to determine whether you owe a penalty.